

SPECIAL REPORT

BASEBALL 1991

SEARCHING FOR DIAMOND SUCCESS IN ROUGH TIMES



The total cost of bringing Major League Baseball to audiences across the nation in 1991 will rise less than one percent above last season's record \$612 million. Three national rightsholders and 75 local rightsholders hope revenues will rise more than that. CBS will again pay the league about \$250 million, and ESPN will pay \$100 million, for network TV rights in the second year of concurrent 1990-93 deals. CBS Radio, also entering the second of four years, will pay \$12.5 million, bringing the national total to approximately the same \$363 million paid in 1990. On the local side, 11 renewed rights contracts and three new ones are expected to raise last year's \$250 million total local fees by only several million dollars, bringing MLB revenue from TV and radio to approximately \$615 million. For now, home team ball remains a moneymaker; for the networks, only the season will tell.

CBS and ESPN, which in 1990 lost an estimated \$55 million and \$20 million, respectively, on MLB are open to suggestion as they face what many foresee as a persistent advertising slump.

Executives at both CBS Sports and ESPN said they have been working closely with MLB to develop marketing strategies for the upcoming season, although neither would elaborate on such plans. MLB and the networks have

worked out an unspecified strategy which is expected to "raise the value" of the package, according to David Alworth, director of broadcasting for the league, with results expected by early April. In 1991, CBS will spend approximately \$250 million for MLB rights fees. ESPN will pay about \$100 million.

"There is nothing like a softening of the marketplace to make business partners look to each other, saying: 'What can we do together to improve the prod-

uct and maximize return,'" said Alworth. CBS paid \$1.1 billion for its four-year 1990-93 MLB deal, which includes all post-season games; ESPN spent \$400 million on its own MLB package. Both networks are entering the second year of four-year deals with the league.

Despite earlier speculation that MLB might offer CBS Sports additional games to make up for any of last year's shortcomings, Jeremy Handelman, vice

CBS'S STARTING LINEUP

CBS Radio Networks is entering the second year of a four-year, \$50 million deal with Major League Baseball (BROADCASTING, March 13, 1989). Dick Silipigni, vice president of sales, CBS Radio Networks, is looking for a "5% to 8%" growth in sales this year over 1990. "It is still too early to tell," he said. "We will have a better handle on the market in about a month." However, he sees signs already that the swift completion of the Persian Gulf War is improving marketplace conditions. "It is a very competitive marketplace," he said, "but we are looking for an improvement over last year." The CBS package includes coverage of 52 games broadcast over 26 weeks, the "Games of the Week," one National League and one American League contest; the All Star game; the League Championship series; the World Series; 20 weeks of "Sunday Night Baseball"; Opening Day, Memorial Day, Fourth of July and Labor Day broadcasts; four midweek pennant race contests; "Inside Pitch," a sports talk show hosted by Jim (Catfish) Hunter, and CBS Hispanic Radio Network broadcasts of the All Star game, League Championship and World Series.

Special programming produced by CBS includes: "Home Town Inning;" live coverage of the Baseball Hall of Fame induction ceremonies; special broadcasts preceding the All Star Game and games one and three of the World Series, in both English and Spanish, and a 15-part 1991 baseball preview, anchored by John Rooney, beginning March 28 and leading up to opening day. The network estimates that it reaches 7 million listeners with its regular season broadcasts and 50 million with its World Series broadcasts.

president of programming for the network, said this year's schedule will once again feature 16 total exposures (some for two games) in the regular season.

Unlike last season, however, the scheduling of the 16 mostly Saturday afternoon appearances on CBS will be more evenly distributed throughout the season. CBS Sports last year had more scheduling obstacles in its mix, such as NBA games and golf events, which caused a gap in its MLB schedule from late April through the middle of June. There will also be games on each of the four weekends leading into the post-season, said Handelman, which he said would allow for more continuity into the championship games.

CBS Sports this year will also have more flexibility with its schedule, said Handelman, specifically in its ability to change games within the Saturday schedule. Greater flexibility and an improved dialogue between MLB and the networks were both largely the result of shortcomings during the last season, he said.

CBS was unsuccessful, however, in seeking a cash reduction in its deal with the MLB, following a 1990 season hit by the one-two punch of a soft advertising environment and a post-season that resulted in only 14 of a potential 21 games.

"It's no secret that last year we ran into a very tough marketplace, but I think things are getting back on track," said Handelman. The CBS Sports exec-

utive said it was premature to speculate on advertising sales versus last year because the baseball selling season only started in late February.

ESPN president and CEO Steven M. Bornstein said a lot of advertising budgets in recent weeks have been held back while agencies have awaited the outcome of the Persian Gulf War.

"Having the war has put us behind where we were a year ago," said Bornstein. But ambitious consumer marketing efforts, he said, are likely to contribute to a successful season of baseball on ESPN.

"I think baseball sales are going to be whatever the marketplace is," said Larry Novenster, vice president, supervisor and manager of national sports franchises, BBDO. "Since the marketplace is weak, I think baseball sales will follow suit."

Louis Schultz, executive vice president, director of media services, Lintas: USA, said he expected heavy discounting on this year's network baseball packages because of what he envisions as a continuing soft marketplace. Schultz added, however, that CBS might not be hurt in the long run because regular season games are already priced low and the network has plenty of time to react to a soft post-season marketplace.

"It's definitely going to be a buyer's market in baseball," said Schultz.

ESPN sponsors in 1991 will include General Mills, Domino's Pizza, Anheuser-Busch, Subaru and others. Along

with returning long-term deals with automobile sponsors General Motors and Toyota, CBS Sports has already lined up a number of advertisers which includes just completed major packages with American Gas Association, AT&T and Nike.

Technically, MLB games on ESPN this season will feature a more "newsy" approach, according to Bornstein, with more electronic cut-ins to keep audiences abreast of simultaneous games in the 11 other parks nationally. He said audience feedback from the first season indicated that such news cut-ins would gather more viewership. CBS Sports would not be implementing such a "newsy" approach, said Handelman, because there are fewer games on Saturday afternoons than there are during the ESPN games on Sunday evenings.

As for commentators, all CBS Sports talent for MLB coverage will be returning from last season, including the primary sportscasting team of Jack Buck and Tim McCarver. Leading commentators for ESPN's 1991 MLB games will continue to be Jon Miller (play-by-play) and Joe Morgan (analysis) for Sunday night telecasts. Former pitcher Jerry Reuss will make his baseball debut on ESPN this year, where he will join Chris Berman for late Tuesday night games. All other MLB commentators for ESPN will be returning except Norm Hitzges and Dave Marsh.

Major League Baseball on CBS this year will launch on April 20 at 1 p.m. ET with a split-national broadcast featuring the New York Mets at the Montreal Expos and the Detroit Tigers at the Chicago White Sox. CBS coverage will include the July 9 prime time All-Star Game from Toronto and once again will culminate in exclusive post-season coverage.

ESPN coverage of the MLB this year begins with a March 17 spring training game—the first of six spring training telecasts—between the Oakland A's and the San Francisco Giants. The regular season schedule, which will include at least 168 games (the contract allows for ESPN to telecast up to 175 games), begins with an April 8 Opening Day double header: The Houston Astros at the Cincinnati Reds and the Milwaukee Brewers at the Texas Rangers.

ESPN's Sunday night telecast schedule, which will feature 25 games from 24 different ballparks, kicks off April 14 with the Seattle Mariners at the Oakland A's. With the exception of its Sunday night schedule, ESPN selects the majority of its games on a weekly basis. —RB

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LOCAL BASEBALL: 'BEST SHOW IN TOWN'

As advertisers come late, but come, to 1991 commitments, rightsholders maintain confidence in value of solid half-year programing vehicle

Thanks to its uniquely local value and predictable six-month annual run, home town Major League Baseball remains, in the words of KPLR-TV St. Louis President Ted Koplar, "the best show in town" for independent television stations, AM radio stations and regional cable sports services alike.

If not entirely recession-proof, individual MLB team schedules will again give outlets a market identity and a programing vehicle that most sources said is drawing advertisers this winter on or not far behind last year's pace.

But, say rightsholders, consistently high ratings and in-season cable subscriber surges for cable regionals also mean that competition in each market to

gain or retain a professional baseball identity will continue to push fees up for the foreseeable future—albeit more modestly than during the 1980's, when rights often jumped more than 15% with each new multiyear contract.

In 1990, the 26 major league teams together earned approximately \$250 million total from local radio, broadcast TV and cable TV rightsholders—up 62% from the \$153.7 million earned only three years earlier. In 1991, however, that figure is expected to rise by no more than several million dollars—about one percent above 1990—as the great majority of 75 local MLB outlets stand pat with multiyear agreements.

All told, 14 new contracts begin this

season, 13 of those renewals: six with TV broadcasters, four with radio and one with cable (see below). Only three teams enter the coming season with new rightsholders (all three on the radio side). Sources said the 14 contracts have increased an average 5%-10% (\$100,000 to \$200,000 each) above the average \$2.03 million each pays per season, comprising no more than a \$2.8 million total increase.

Rights and revenue

For several years, said Doug Moss, senior vice president of advertising and sales for Madison Square Garden Net-

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WHO'S AT BAT AROUND THE LEAGUES



AMERICAN LEAGUE EAST

Team	TV originator	Radio originator	Regional cable
Baltimore Orioles	WMAR-TV*	WBAL(AM)*	Home Team Sports
Boston Red Sox	WSBK-TV	WRKO(AM)	New Eng. Sports Net.
Cleveland Indians	WUAB-TV	WWWE(AM)	SportsChannel
Detroit Tigers	WDIV(TV)	WJR(AM)*	Pro Am Sports*
Milwaukee Brewers	WCGV-TV	WTMJ(AM)	none
New York Yankees	WPIX(TV)	WABC(AM)	Mad. Sq. Garden Net.
Toronto Blue Jays	CTV*	CJCL(AM)	The Sports Network



AMERICAN LEAGUE WEST

Team	TV originator	Radio originator	Regional cable
California Angels	KTLA-TV	KMPC(AM)*	SportsChannel
Chicago White Sox	WGN-TV	WMAQ(AM)	SportsChannel
Kansas City Royals	WDAF-TV	WIBW	none
Seattle Mariners	KSTW(TV)	KIRO(AM)	none
Minnesota Twins	WCCO-TV and KITN(TV)	WCCO(AM)	Midwest Sports Channel
Texas Rangers	KTVT(TV)	WBAP(AM)	Home Sports Ent.
Oakland Athletics	KPIX-TV and KICU-TV	KSFO(AM)	SportsChannel



NATIONAL LEAGUE EAST

Chicago Cubs	WGN-TV	WGN(AM)	none
Montreal Expos	CTV*	CFCF(AM)**	The Sports Network
New York Mets	WWOR(TV)	WFAN(AM)	SportsChannel
Philadelphia Phillies	WTXF-TV	WOGL(FM)**	Prism, SportsChannel
Pittsburgh Pirates	KDKA-TV*	KDKA(AM)*	KBL Entertainment Net.
St. Louis Cardinals	KPLR-TV*	KMOX(AM)	none



NATIONAL LEAGUE WEST

Atlanta Braves	WTBS(TV)	WSB(AM)	SportSouth
Cincinnati Reds	WLWT(TV)*	WLW(AM)	SportsChannel
Houston Astros	KTXH(TV)	KPRC(AM)**	Home Sports Ent.
Los Angeles Dodgers	KTTV(TV)	KABC(AM)	SportsChannel
San Diego Padres	KISU-TV	KFMB(AM)	Cox Cable
San Francisco Giants	KTVU(TV)	KNBR(AM)	SportsChannel

* Renewed contract in 1991.

** New contract in 1991.

"The pool system forced me to see firsthand how the men who fought the war lived. Almost the entire time they were waiting for the ground war, we were, too. We wouldn't have gotten that if we

had just flown in with a helicopter."

But complaints about the pool system persisted among network news executives last week, with repeated calls for a joint review of the system by the Penta-

gon and the networks. "The pool system does not work," said CBS News's Peyronnin. "It needs reform. We need to be able to get access to the front lines in a timely and effective way." —**BS**

BASEBALL 1991

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work, advertisers have been committing "later and later each year," not only to baseball, but also to professional basketball and hockey. But if they are committing late, they are committing, said Moss and others. Consequently, most local baseball outlets claimed confidence that 1991 budgets will be met.

Several cautioned, however, that even modest rights increases could threaten the continued profitability of local MLB packages.

Red Sox broadcaster WSBK-TV Boston has signed on Anheuser-Busch and is "doing fairly well" in ad sales, said Station Manager Stuart Tauber. Even during a tight economy, he said, "You still get business from a nucleus of traditional advertisers for which sports fit the bill." However, he said, "You do at some point hit a wall. If [the cost of] baseball gets too out of whack, you'll chase advertisers back into other kinds of programing." Tauber said there is evidence of "a ripple of growth" among media buyers that acquire spots in local baseball for national advertisers—a ripple that "must be" related to prices charged to meet record rights paid by CBS and ESPN.

Others point to increased saturation as a potential threat. KPLR's Koplar attributed gradual erosion of the local Cardinals audience to the combined 2 to 3 rating achieved by national baseball schedules on WGN-TV, WTBS(TV) and ESPN. "That impacts what we can bring to advertisers," he said. KPLR's 1990-93 agreement prohibits the Cardinals from selling games to regional cable, knocking out at least one potential competitor for audience loyalty.

Nevertheless, he said, "when you're talking about 40 to 45 channels [on cable], you've got to put your signature on the broadcast station. To localize is the best way" to establish that "signature" in a multichannel environment, he said. "The highest visibility you can get is through local sports and news, and we're doing both."

Koplar expects the next several seasons to settle much of the "turmoil" in sports rights. "We know that cable has



KPLR's Koplar

underachieved what they promised to advertisers" and may be forced either to negotiate reduced rights fees or raise subscriber rates when current deals expire.

In Baltimore, where WMAR-TV renewed its rights to Orioles broadcasts in 1991-93, Anheuser-Busch has committed to the entire three years, nine more advertisers have renewed for 1991 and the station is close to signing five more accounts, said Howard Zeiden, vice president of sales and marketing. "Obviously, we felt [the Orioles] were a valuable property," he said, noting that the schedule constitutes "the only fresh run programing" through much of March through September.

Although about 80% of regional cable sports service revenue comes from subscriber fees, MSG's Moss described advertisers as essential. Near the end of negotiations with WPIX in January 1991, MSG approached Anheuser-Busch, which committed to ad time if the agreement was consummated. "Knowing that Bud was going to be there certainly helped us close the deal" through which MSG will purchase time on WPIX(TV) New York to air up to 55 of its 150 Yankees games each of the next three seasons, he said. MSG sales on the cable side are "way ahead of last year," he said.

For Detroit-based Pro Am Sports System, which derives only 15% to 20% of its revenue from ad sales, the relation between rights and ad revenue is less direct, said General Manager William

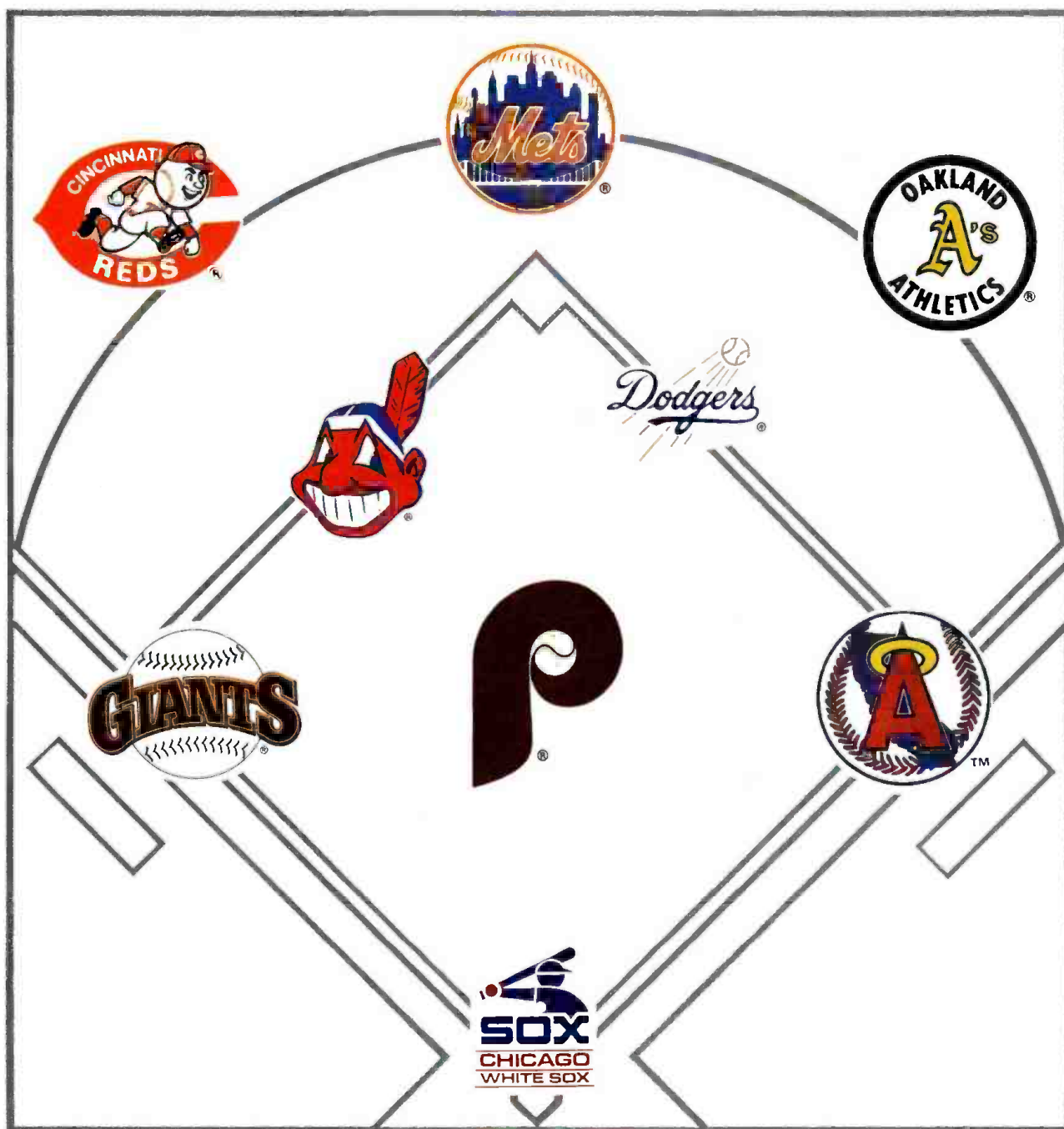
Wishman. Still rewriting the second half of a 14-year deal with the Tigers last week, Wishman said regionals also enjoy an added cushion—rights fees paid each season are tied to subscriber numbers. Historically, he said, subscription counts have fluctuated with the health of the Tigers. As of last week, PASS reached about 750,000 of 1.8 million cable homes. However, he said, the general good health among the regionals should not portend further rights surges. "There is only X number of dollars in a market. I'm not enthralled with running something that has no chance of making money." □

Entering the fifth year of a five-year contract, but with renewed rights to the Chicago White Sox through 1995, WMAQ(AM) General Manager Rick Starr said his station is "going into the season with more sales than we had all last season—probably our best sales year ever. Forget this tough economy stuff."

Starr attributed WMAQ's upfront success to an overall strategy that has included gaining the rights to the Chicago Bulls NBA franchise and Notre Dame football, as well as to the Sox. "We did not want six months on, six months off," he said of the station's decision to renew its baseball rights early. "The explosion in rights fees" during the 1980's has run its course, he said. "I would expect to see modest increases."

Experiencing "good, not great," ad sales so far, Ed Kiernan, vice president and general manager of WBAL(AM)—which enters the first of three years as the Orioles radio flagship—said that "rights continue to go up on the local level. I can't think of anybody who is paying less than they did four years ago." However, he added, "I'm sure we'll be interested in renewing three years from now."

Kiernan said WBAL expects to make its Orioles budget, in part because "a great promotional vehicle" is gaining power from "an unusual situation": 1991 is the final season for 35-year-old Memorial Stadium and perhaps the return season for 45-year-old pitcher Jim Palmer. In general, he said, "rights are not going to decrease, but I think they will level off." —**POL**



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